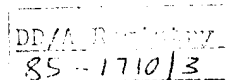




Northern Telecom Inc.

Tel. (615) 251-4900

The Woodlawn Mansion
127 Woodmont Boulevard
Nashville, TN 37205



Edmund B. Fitzgerald
Chairman of the Board

May 28, 1985

Mr. Harry E. Fitzwater
Deputy Director for Administration
Central Intelligence Agency
Washington, DC 20505

45-19

Dear Mr. Fitzwater,

Thank you very much for your kind letter of May 21. I am very pleased to learn that your FOCI Policy is under serious review. Mr. Dobyns and I are very appreciative of the opportunity to meet with you and your staff in your offices on April 15, and to learn that our comments were helpful to you.

I agree with you that a "skunk works" would be difficult to effectively operate if there were not a significant volume of business to justify its existence. However, if we should enter into a contractual relationship in the future, I am sure that we can develop a written understanding of the security and business modus operandi which would have to be established to insure protection under your FOCI Policy.

Again, many thanks for your letter and for the consideration you are giving this matter. I look forward to seeing you again in the future.

Sincerely,

A handwritten signature in black ink, reading 'Edmund B. Fitzgerald'. The signature is written in a cursive, flowing style.

Edmund B. Fitzgerald

Central Intelligence Agency

DDA 85-1710//



Washington, D.C. 20505

 21 MAR 1985
 INTR. SECURITY
 45-1

Mr. Edmund B. Fitzgerald
 President & Chief Executive Officer
 Northern Telecom Limited
 127 Woodmont Boulevard
 Nashville, TN 37205

Dear Mr. Fitzgerald:

The visit by you and Mr. Dobyns with me and members of my organization last month was very helpful. Our knowledge of your company and its products was expanded. Hopefully, you and Mr. Dobyns gained from the visit greater understanding of our foreign ownership, control, or influence (FOCI) policy and an appreciation for our sensitivities and concerns in the FOCI area.

We understand the concern expressed in your recent 15 April letter over the fact that another vendor was selected to provide a switching system for our Headquarters facility. We also understand your even greater concern regarding potential future impact of our FOCI policy on your participation in the U.S. intelligence market.

While we have not, at this writing, revised our FOCI policy, I am able to say that it is under serious review. Your offer to establish a "skunk works" operation, reporting to you and managed and operated by U.S. citizens holding appropriate clearances, is of interest and would seem to provide a secure method of handling classified business. While something like the "skunk works" operation would provide increased protection of classified information, only Northern Telecom can determine whether there is enough market potential to warrant such a change. Naturally, if we should enter into a contractual relationship in the future, a written understanding of the security and business modus operandi would have to be established to ensure protection under our FOCI policy.

May I say in closing that it is always a pleasure to meet with senior officials from the contractor community. Please feel free to contact me further on this matter. I have asked our Procurement Executive, to provide further feedback to you when the review of our FOCI policy is complete.

Sincerely,

Harry E. Fitzwater
 Deputy Director
 for

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Subject: Letter to E. Fitzgerald
DDA/OI [redacted] (21 May 85)

Distribution:

Orig - Addressee

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